



PSC NEWS

Missouri Public Service Commission

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PSC ISSUES DECISION IN THE EMPIRE DISTRICT ELECTRIC COMPANY RATE CASE

JEFFERSON CITY--The Missouri Public Service Commission has authorized The Empire District Electric Company to increase permanent electric revenues by approximately \$25.7 million a year. An additional \$8.2 million increase implements an interim energy charge. The \$8.2 million is subject to refund based on Empire's prudently incurred variable fuel and purchased power costs. This rate increase, Empire's first since December 2002, recognizes the increased cost of doing business for Empire since the last rate case.

When Empire filed its electric rate request on April 30, 2004, it sought to increase electric revenues by approximately \$38.3 million a year.

Empire stated in its rate case filing that a rate increase was necessary for several reasons: over \$100 million in infrastructure improvements; higher cost of fuel used to generate electricity; the increased cost of purchased power and increased operation and maintenance expenses.

As a result of this decision, permanent electric rates for an Empire residential customer using 1,000 kwh (kilowatt-hours) will increase by approximately \$7.72 a month. That same customer will also see an interim energy charge of approximately \$2.13 a month.

The order approved by the Commission included the following:

* **Implementation of an Interim Energy Charge (IEC).**

An interim energy charge (\$0.0021 per kwh) is designed to address the potential volatility in natural gas and wholesale electricity prices. Several of Empire's power plant facilities use natural gas to generate the electricity to serve customers. The IEC will be in effect for three years and is subject to refund.

* **Low-Income Weatherization Program.**

Empire will provide at least \$155,000 a year to fund this program which will help low-income residential customers.

* **Appliance and HVAC (Heating, Ventilation & Air Conditioning) Rebate Program.**

Empire will provide at least \$100,000 a year to fund this program for residential customers. Empire will design a rebate program that will encourage residential customers to purchase and install high efficiency appliances and/or heating and cooling equipment.

* **Wind Assessment.**

Empire will make a one-time expenditure of at least \$80,000 in order to perform an assessment of wind energy resources in or near its Missouri service territory.

The Commission granted Empire a return on equity of 11%. In its rate request, Empire sought 11.65%.

The Empire District Electric Company serves approximately 136,900 electric customers in the Missouri counties of Barry, Barton, Cedar, Christian, Dade, Dallas, Greene, Hickory, Jasper, Lawrence, McDonald, Newton, Polk, St. Clair, Stone and Taney.